



Health Services
LOS ANGELES COUNTY

May 27, 2009

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TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

SUBJECT: **DHS AMBULATORY PHARMACY REFILL SERVICE
AND CENTRAL FILL/MAIL ORDER STRATEGY
MAY 2009 STATUS REPORT**

Pursuant to a request from the Fifth District, the Department of Health Services (DHS) has been in the process of assessing methods of improving ambulatory care pharmacy delivery services to DHS patients residing in remote locations. On August 4, 2008, Phase I, an assessment of providing a mail service pilot program within the High Desert Health System (HDHS) service area began. The primary objective of the current mail service pilot is to assess patient acceptance of refill mail service for patients residing in the remote areas within HDHS' service area. The mail service pilot allows patients treated in two remote clinics (Lake Los Angeles and Little Rock) to obtain prescription medication refills via the mail from the HDHS outpatient pharmacy, thus avoiding the need to travel long distances to retrieve necessary refill medications.

The planning of the second phase of this pilot implementation, Phase II, Central Fill/Mail Order, began in the Fall of 2008. DHS has been in the process of negotiating a sole source contract with an offsite vendor to provide automated central fill and mail order prescription services for onsite pharmacies. Previously unidentified information technology (IT) issues were discovered during a site visit in December 2008. DHS' Contracts and Grants, County Counsel, and Information Systems are working with the vendor to ensure all system performance issues are appropriately addressed in the contract. Consequently, previously issued timelines were revised by County Counsel to reflect the additional time necessary for contract negotiation. This revised timeline was presented to your Board on April 6, 2009.

Attached is a copy of the May 2009 status report for the Central Fill/Mail Order Strategy, which contains updates to both Phase I and Phase II of this project.

If you have any questions or need additional information, please let me know.

JFS:srj
810:007

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors



Los Angeles County Department of Health Services

DHS Ambulatory Pharmacy Refill Service and Central Fill/Mail Order Strategy

May 2009 Monthly Status Report

Phase I (Mail Service - High Desert Health System) & Phase II (Central Fill/Mail Order)

Objective

This project is divided into two phases. Attached is a copy of the proposed timeline for Phase I and Phase II.

Phase I – Mail Service Implementation: Phase I was implemented on August 4, 2008. The primary objective of this pilot is to provide refill mail service to remote areas of the High Desert Health Services (HDHS) service area, allowing patients increased access to refill prescription services. Prior to the start of this pilot, DHS patients treated in these two remote clinics (Lake Los Angeles and Little Rock Clinics) traveled great distances to the High Desert Outpatient Pharmacy to obtain prescription medication refills. This pilot implementation will seek to gather data on the impact of refill mail service to:

- HDHS pharmacy operations
- HDHS overall pharmacy expenditures/revenue
- HDHS patient acceptance and patient satisfaction

Phase II – Central Fill/Mail Order Implementation: (See attachment for implementation timeline.) The primary objective of this pilot is to contract with an offsite vendor to provide automated central fill of prescription medication, as well as mail order alternatives to patients who request mail order delivery. The central fill pilot is intended to determine whether the use of an offsite vendor for Phase II refill medication processing will improve DHS pharmacy operational efficiency, improve access through mail order, and assess impact to overall prescription dispensing costs. Should DHS determine this Phase II to be successful, the project may be expanded to other DHS facilities on a long term basis. *See Phase II Status for more information.*

Phase I - Mail Service Implementation- High Desert Health System

Pilot Metrics – Measures of Success

The effectiveness of the pilot was assessed through the collection of the following metrics:

- **Patient Description** - Patients in the pilot were limited to the current High Desert Health System (HDHS) patients of the Lake Los Angeles and Little Rock clinics. These clinics service rural areas with a significant driving distance to the HDHS Pharmacy, as well as limited access to a retail pharmacy network. Inclusion criteria included patients visiting the Lake Los Angeles or Little Rock clinic with a stable home mailing address (PO Box addresses were not included), and in need of refill medications for chronic care.
 - Results: Two hundred and seven patients were enrolled into the pilot program from 8/4/08 to 3/31/09. Of these, 204 patients are existing DHS patients, while three patients are newly enrolled patients at either of the two pilot clinics. In order to be provided mail service, each patient was required to complete an enrollment form, indicating a designated stable mailing address for refill prescriptions.
- **Impact on Outpatient Pharmacy Operations** - Pharmacy operations were anticipated not to be significantly impacted by the implementation of this pilot, as outpatient prescriptions are continuing to be dispensed from the HDHS pharmacy in Phase 1. Outpatient pharmacy operations impact was measured by change in staffing requirements.
 - Staffing Impact - High Desert Outpatient Pharmacy added an additional pharmacy technician FTE at commencement of the pilot to assist in the processing of the mail service prescriptions, collecting data, and mailing of these prescriptions to the designated home address.
 - Pharmacy wait times were collected to measure the patient impact of the pilot. Wait times for Fiscal Year (FY) 2007-2008 was used as the baseline measure. No impact to patient wait times resulted from the implementation of the pharmacy mail service.

Impact on Outpatient Pharmacy Operations ^a

Patient wait times: FY 2007-2008	60 minutes
Patient wait times: Quarter 3 2008	60 minutes
Patient wait times: Quarter 4 2008	60 minutes
Patient wait times: Quarter 1 2009	60 minutes

a: quarterly report updates based on calendar quarter schedule

Cost of Service to High Desert Pharmacy

- The cost to dispense a medication at the High Desert Pharmacy was monitored. The dispensing cost is comprised of labor and supply costs and excludes ingredient drug costs. In addition, the mailing costs are also tracked. Costs associated with delivery of these medications are calculated by estimated delivery courier invoices, excluding drug costs.
- The overall mailing cost is approximately \$2.35 per prescription.

Dispensing and Mail Costs for Refill Medications - High Desert Pharmacy^{a,c}

	Dispensing Cost (labor + supplies)	Mailing Cost ^b	Total Cost – per prescription dispensed
Pre-Mail Service Implementation	\$6.55	\$0.00	\$6.55
Post Mail Service Implementation: Quarter 3 2008	\$6.88	\$1.94	\$8.82
Post Mail Service Implementation: Quarter 4 2008	\$6.88	\$2.75	\$9.63
Post Mail Service Implementation: Quarter 1 2009	\$6.88	\$2.27	\$9.15
Post Mail Service Implementation: 8 Month Average	\$6.88	\$2.35	\$9.23

a: addition of one pharmacy technician to process mail service prescriptions

b: mailing cost calculated on total delivery charge divided by prescriptions delivered – cost varies based on number of prescriptions per delivery

c: quarterly report updates based on calendar quarter schedule

Patient Impact

- The average travel distance avoided through mail service by Lake Los Angeles and Little Rock clinic patients was calculated by the mileage between the patient's address of record and the High Desert Outpatient Pharmacy. Most patients live approximately 27 miles away from the HDHS Pharmacy.

Patient Travel Distances Avoided (miles)^a

Month	# of Deliveries	Lake Los Angeles Clinic	Little Rock Clinic	Miles Avoided
Quarter 3 2008	50	Average – 26 miles (range = 5-31)	Average – 26 miles (range = 8-36)	Average – 25 miles (range = 5-36)
Quarter 4 2008	99	Average – 30 miles (range = 6-63)	Average – 27 miles (range = 8-36)	Average – 28 miles (range = 6-63)
Quarter 1 2009	166	Average – 28 miles (range = 7-35)	Average – 26 miles (range = 20-35)	Average – 28 miles (range = 7-35)
Post Mail Service Implementation Total	315	Average – 28 miles (range = 5-63)	Average – 26 miles (range = 8-36)	Average – 27 miles (range = 5-63)

a: quarterly report updates based on calendar quarter schedule

- The number of enrolled patients who actively utilized the refill mail order service during the month:

Enrolled Patients Actively Utilizing Mail Service^{a,b}

Month	Total # of Patients Enrolled	% of Total Clinic Patients Enrolled	Total # of Patients Used Mail Service	% of Enrolled Patients Utilizing Mail Service
Quarter 3 2008	99	19%	34	34%
Quarter 4 2008	139	14%	69	50%
Quarter 1 2009	207	16%	117	57%

a: numbers and percentages expressed cumulatively over each month

b: quarterly report updates based on calendar quarter schedule

- **Patient Satisfaction** - The patient satisfaction metric was measured through the use of a telephone survey which was developed to ascertain the patient's level of satisfaction with the HDHS mail service:

Patient Satisfaction^{a,e}				
Month	% of Patients Surveyed	Delivery Within 1-2 Days of Refill Request	Delivery 3 Days After Refill Request	Patient Satisfaction Rate
Quarter 3 2008	65%	98%	2%	100%
Quarter 4 2008	61%	96%	4%	88% ^{b,c,d}
Quarter 1 2009	*	97%	3%	*

a: numbers and percentages expressed cumulatively over each month

b: one patient unsatisfied with mailing service due to delayed delivery by DHL

c: two additional patients unsatisfied with mailing service due to change of address during pilot

d: two patients unsatisfied with mailing service; no reasoning provided

e: quarterly report updates based on calendar quarter schedule

*: administration of patient surveys were ceased in Quarter 1 2009 due to high patient satisfaction rates

Pending Issues

- **Information Technology** - There are concerns with the lack of an interface of the Telephone Refill Interactive Voice Response (IVR) system. The IVR changes described in previous reports were not made due to technical challenges that arose during the implementation period. In order to avoid a delay in the project, it was decided to forgo the changes for the time being and a back up process was developed and implemented by the High Desert staff. DHS IT will focus efforts on resolution of the IVR system interface issues.

Phase II (Central Fill/Mail Order)

Pilot Objectives

The primary objective of this phase is to determine the level of success of a vendor central fill/mail order service within High Desert Health System (HDHS). The intent is to contract with an offsite vendor to provide automated central fill of prescription medication, as well as mail order alternatives to patients who request mail order service. The central fill pilot is intended to determine whether the use of an offsite vendor for Phase II refill medication processing will improve HDHS pharmacy operational efficiency, improve patient access through mail order availability, and assess impact to overall prescription dispensing costs.

This project consists of two sub-phases with the following overall timelines:

- Onsite HDHS mail service pilot through the HDHS Pharmacy (August - October 2008)
- Enterprise Central Fill/Mail Order Project – contracting began August 2008 with initial single location pilot to commence in June 2010 (planned enterprise rollout to begin December 2011 if pilot is successful)

This pilot implementation will seek to gather data on the impact of refill mail service to:

- HDHS pharmacy operations
- HDHS overall pharmacy expenditures/revenue
- HDHS patient acceptance and patient satisfaction

Through the collection of baseline metrics, the effectiveness of the pilot site and the impact to patient care will be assessed. DHS has assembled a "Central Fill/Mail Order Work Team" that meets monthly in order to accomplish the specific objectives outlined below.

- Finalize a scope of work (SOW) for central fill services to be provided by Cardinal Health (DHS Pharmacy);
- Enterprise Pharmacy System (EPS) – Specify requirements for the EPS implementation to be provided by the EPS vendor selected by Cardinal (PDX), including Affinity interface development and the EPS installation (Responsible party: DHS IT);
- Finalize contract, including the SOW and EPS implementation requirements, for Board review with sole source vendor, Cardinal Health (Responsible party: County Counsel);
- Review impact of pilot site implementation, establishing metrics to assess operational, financial and patient care impact (Responsible parties: DHS Pharmacy and HDHS).

Key Project Roles and Responsibilities

- DHS Information Technology – overseeing interface development, implementation and installation of the EPS at HDHS pilot pharmacy location and oversight of training and system maintenance.
- County Counsel - oversight of contract and SOW development and vendor negotiations.
- DHS Contracts and Grants - assisting DHS and County Counsel with contract development and contract negotiations.
- DHS Pharmacy - oversight of central fill/mail order implementation, lead DHS work team meetings, and gather data for final analysis.
- HDHS Administration - oversee implementation of pilot at HDHS outpatient pharmacy, identify issues and collect data for assessment of implementation.

Project Status

The project summary below provides a view of the status of the various implementation arms of the Central Fill Services project:

Month	Project Objective – Status				
	DHS Information Systems	County Counsel	DHS Contracts and Grants	DHS Pharmacy	HDHS Administration
October 2008 – December 2008	Due to vendor software issues*				
January 2009 – March 2009					

*Refer to Pending Issues Below

Project Status Key:

Implementation Progress on Schedule	Implementation Progress Delayed – May Impact Project End Date	Implementation Progress Critical – May Significantly Impact Project End Date
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Pending Issues

- DHS Information Technology** - Site visit to Navarro Health System in Miami, Florida (December 12, 2008) identified system performance concerns and functionality issues related to the proposed pharmacy information system (PDX EPS) to be provided by Cardinal subcontract vendor (PDX). The vendor was notified and currently working to address these concerns. A local site visit was scheduled at Safeway Pharmacy (March 26, 2009) to review the earlier version of the PDX system. The site visit at this low volume pharmacy proved the PDX system to be reliable. During the site visit, it was proposed that the HDHS pilot project involve the proposed pharmacy information system (PDX EPS) with the current ISD pharmacy system as a back-up. In any event, the agreement with Cardinal clearly delineates the County information system requirements and will ensure that the County has adequate remedies available to it in the event Cardinal, or any of its subcontractors, fails to satisfy such requirements.
- DHS Contracts and Grants** - DHS Contracts and Grants will be strengthening contract vendor terms and conditions to protect County in the areas of performance and deliverables. The Phase II implementation timeline previously submitted has been revised in this quarterly report to reflect the necessary time to finalize the Board contract.